

106TH CONGRESS  
1ST SESSION

# H. R. 1091

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide beneficiaries with disabilities meaningful opportunities to work, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1999

Mr. HULSHOF introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide beneficiaries with disabilities meaningful opportunities to work, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Ticket to Work and Self-Sufficiency Act of 1999”.

4 (b) TABLE OF CONTENTS.—The table of contents is  
5 as follows:

Sec. 1. Short title and table of contents.

TITLE I—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 101. Expanding State options under Medicaid for workers with disabilities.

Sec. 102. Extending Medicare coverage for OASDI disability benefit recipients  
who are using tickets to work and self-sufficiency.

Sec. 103. Grants to develop and establish State infrastructures to support  
working individuals with disabilities.

Sec. 104. Demonstration of coverage of workers with potentially severe disabili-  
ties.

TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.

Sec. 202. Effective date.

Sec. 203. Graduated implementation of Program.

Sec. 204. The Ticket to Work and Self-Sufficiency Advisory Panel.

Sec. 205. Demonstration projects and studies.

TITLE III—TECHNICAL AMENDMENTS

Sec. 301. Technical amendments relating to drug addicts and alcoholics.

Sec. 302. Treatment of prisoners.

Sec. 303. Revocation by members of the clergy of exemption from social secu-  
rity coverage.

Sec. 304. Additional technical amendment relating to cooperative research or  
demonstration projects under titles II and XVI.

Sec. 305. Authorization for State to permit annual wage reports.

6 **TITLE I—EXPANDED AVAILABIL-**  
7 **ITY OF HEALTH CARE SERV-**  
8 **ICES**

9 **SEC. 101. EXPANDING STATE OPTIONS UNDER MEDICAID**  
10 **FOR WORKERS WITH DISABILITIES.**

11 (a) STATE OPTION TO ELIMINATE INCOME, ASSETS,  
12 AND RESOURCE LIMITATIONS FOR WORKERS WITH DIS-  
13 ABILITIES BUYING INTO MEDICAID.—Section

1 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C.  
2 1396a(a)(10)(A)(ii)) is amended—

3 (1) in subclause (XIII), by striking “or” at the  
4 end;

5 (2) in subclause (XIV), by adding “or” at the  
6 end; and

7 (3) by adding at the end the following:

8 “(XV) who, but for earnings in  
9 excess of the limit established under  
10 section 1905(q)(2)(B), and subject to  
11 limitations on assets, resources, or un-  
12 earned income that may be set by the  
13 State, would be considered to be re-  
14 ceiving supplemental security income  
15 (subject, notwithstanding section  
16 1916, to payment of premiums or  
17 other cost-sharing charges (set on a  
18 sliding scale based on income that the  
19 State may determine and that may re-  
20 quire an individual with income that  
21 exceeds 250 percent of the income of-  
22 ficial poverty line (as defined by the  
23 Office of Management and Budget,  
24 and revised annually in accordance  
25 with section 673(2) of the Omnibus

1                   Budget Reconciliation Act of 1981)  
 2                   applicable to a family of the size in-  
 3                   volved to pay an amount equal to 100  
 4                   percent of the premium cost for pro-  
 5                   viding medical assistance to the indi-  
 6                   vidual), so long as any such premiums  
 7                   or other cost-sharing charges are the  
 8                   same as any premiums or other cost-  
 9                   sharing charges imposed for individ-  
 10                  uals described in subclause (XVI));”.

11           (b) STATE OPTION TO EXPAND OPPORTUNITIES FOR  
 12 WORKERS WITH DISABILITIES TO BUY INTO MEDIC-  
 13 AID.—

14           (1) ELIGIBILITY.—Section 1902(a)(10)(A)(ii)  
 15           of the Social Security Act (42 U.S.C.  
 16           1396a(a)(10)(A)(ii)), as amended by subsection (a),  
 17           is amended—

18                   (A) in subclause (XIV), by striking “or” at  
 19                   the end;

20                   (B) in subclause (XV), by adding “or” at  
 21                   the end; and

22                   (C) by adding at the end the following:

23                           “(XVI) who are working individ-  
 24                           uals with disabilities described in sec-  
 25                           tion 1905(v) (subject, notwithstanding

1 section 1916, to payment of premiums  
 2 or other cost-sharing charges (set on  
 3 a sliding scale based on income) that  
 4 the State may determine so long as  
 5 any such premiums or other cost-shar-  
 6 ing charges are the same as any pre-  
 7 miums or other cost-sharing charges  
 8 imposed for individuals described in  
 9 subclause (XV)), but only if the State  
 10 provides medical assistance to individ-  
 11 uals described in subclause (XV);”.

12 (2) DEFINITION OF WORKING INDIVIDUALS  
 13 WITH DISABILITIES.—Section 1905 of the Social Se-  
 14 curity Act (42 U.S.C. 1396d) is amended by adding  
 15 at the end the following:

16 “(v)(1) The term ‘working individuals with disabil-  
 17 ities’ means individuals ages 16 through 64 who—

18 “(A) by reason of medical improvement, cease  
 19 to be eligible for benefits under section 223(d) or  
 20 1614(a)(3) at the time of a regularly scheduled con-  
 21 tinuing disability review but who continue to have a  
 22 severe medically determinable impairment; and

23 “(B) are employed.

24 “(2) An individual is considered to be ‘employed’ if  
 25 the individual—

1           “(A) is earning at least the applicable minimum  
 2           wage requirement under section 6 of the Fair Labor  
 3           Standards Act (29 U.S.C. 206) and working at least  
 4           40 hours per month; or

5           “(B) is engaged in a work effort that meets  
 6           substantial and reasonable threshold criteria for  
 7           hours of work, wages, or other measures, as defined  
 8           by the State and approved by the Secretary.”.

9           (3)     CONFORMING     AMENDMENT.—Section  
 10          1905(a) of the Social Security Act (42 U.S.C.  
 11          1396d(a)) is amended in the matter preceding para-  
 12          graph (1)—

13                 (A) in clause (x), by striking “or” at the  
 14                 end;

15                 (B) in clause (xi), by adding “or” at the  
 16                 end; and

17                 (C) by inserting after clause (xi), the fol-  
 18                 lowing:

19                 “(xii) individuals described in subsection (v),”.

20          (c)     PROHIBITION AGAINST SUPPLANTATION OF  
 21          STATE FUNDS; MAINTENANCE OF EFFORT REQUIRE-  
 22          MENT; CONDITION FOR APPROVAL OF STATE PLAN  
 23          AMENDMENT.—

24                 (1) NO SUPPLANTATION OF STATE FUNDS.—

25          Federal funds paid to a State for medical assistance

1 provided to an individual described in subclause  
2 (XV) or (XVI) of section 1902(a)(10)(A)(ii) of the  
3 Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))  
4 must be used to supplement but not supplant the  
5 level of State funds expended as of October 1, 1998  
6 for programs to enable working individuals with dis-  
7 abilities to work.

8 (2) MAINTENANCE OF EFFORT.—With respect  
9 to a fiscal year quarter, no Federal funds may be  
10 paid to a State for medical assistance provided to an  
11 individual described in subclause (XV) or (XVI) of  
12 section 1902(a)(10)(A)(ii) of the Social Security Act  
13 (42 U.S.C. 1396a(a)(10)(A)(ii)) for such fiscal year  
14 quarter if the Secretary of Health and Human Serv-  
15 ices determines that the total of the State expendi-  
16 tures for programs to enable working individuals  
17 with disabilities to work for the preceding fiscal year  
18 quarter is less than the total of such expenditures  
19 for the same fiscal year quarter of the preceding fis-  
20 cal year.

21 (3) CONDITION FOR APPROVAL OF STATE PLAN  
22 AMENDMENTS.—No State plan amendment that pro-  
23 poses to provide medical assistance to an individual  
24 described in subclause (XV) or (XVI) of section  
25 1902(a)(10)(A)(ii) of the Social Security Act (42

1 U.S.C. 1396a(a)(10)(A)(ii)) may be approved unless  
2 the chief executive officer of the State certifies to  
3 the Secretary of Health and Human Services that  
4 the plan, as so amended, will satisfy the require-  
5 ments of paragraphs (1) and (2) of this subsection.

6 (d) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendments made by  
8 this section shall apply on and after October 1,  
9 1999.

10 (2) EXTENSION OF EFFECTIVE DATE FOR  
11 STATE LAW AMENDMENT.—In the case of a State  
12 plan under title XIX of the Social Security Act  
13 which the Secretary of Health and Human Services  
14 determines requires State legislation in order for the  
15 plan to meet the additional requirements imposed by  
16 the amendments made by this section, the State  
17 plan shall not be regarded as failing to comply with  
18 the requirements of this section solely on the basis  
19 of its failure to meet these additional requirements  
20 before the first day of the first calendar quarter be-  
21 ginning after the close of the first regular session of  
22 the State legislature that begins after the date of en-  
23 actment of this Act. For purposes of the previous  
24 sentence, in the case of a State that has a 2-year  
25 legislative session, each year of the session is consid-

1       ered to be a separate regular session of the State  
2       legislature.

3   **SEC. 102. EXTENDING MEDICARE COVERAGE FOR OASDI**  
4                   **DISABILITY BENEFIT RECIPIENTS WHO ARE**  
5                   **USING TICKETS TO WORK AND SELF-SUFFI-**  
6                   **CIENCY.**

7       (a) IN GENERAL.—The next to last sentence of sec-  
8       tion 226(b) of the Social Security Act (42 U.S.C. 426)  
9       is amended—

10           (1) by striking “throughout all of which” and  
11           inserting “throughout the first 24 months of which”;  
12           and

13           (2) by inserting after “but not in excess of 24  
14           such months” the following: “(plus 24 additional  
15           such months in the case of an individual who the  
16           Commissioner determines is using a ticket to work  
17           and self-sufficiency issued under section 1148, but  
18           only for additional months that occur in the 7-year  
19           period beginning on the date of the enactment of the  
20           Ticket to Work and Self-Sufficiency Act of 1999)”.  
21

22       (b) REPORT.—Not later than 6 months prior to the  
23       end of the 7-year period beginning on the date of the en-  
24       actment of this Act, the Secretary of Health and Human  
25       Services and the Commissioner of Social Security shall  
     submit in writing to each House of the Congress their rec-

1 ommendations for further legislative action with respect  
2 to the amendments made by subsection (a), taking into  
3 account experience derived from efforts to achieve full im-  
4 plementation of the Ticket to Work and Self Sufficiency  
5 Program under section 1148 of the Social Security Act.

6 **SEC. 103. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**  
7 **FRASTRUCTURES TO SUPPORT WORKING IN-**  
8 **DIVIDUALS WITH DISABILITIES.**

9 (a) ESTABLISHMENT.—

10 (1) IN GENERAL.—The Secretary of Health and  
11 Human Services (in this section referred to as the  
12 “Secretary”) shall award grants described in sub-  
13 section (b) to States to support the design, establish-  
14 ment, and operation of State infrastructures that  
15 provide items and services to support working indi-  
16 viduals with disabilities. A State may submit an ap-  
17 plication for a grant authorized under this section at  
18 such time, in such manner, and containing such in-  
19 formation as the Secretary may determine.

20 (2) DEFINITION OF STATE.—In this section,  
21 the term “State” means each of the 50 States, the  
22 District of Columbia, Puerto Rico, Guam, the  
23 United States Virgin Islands, American Samoa, and  
24 the Commonwealth of the Northern Mariana Is-  
25 lands.

1 (b) GRANTS FOR INFRASTRUCTURE AND OUT-  
2 REACH.—

3 (1) IN GENERAL.—Out of the funds appro-  
4 priated under subsection (e), the Secretary shall  
5 award grants to States to—

6 (A) support the establishment, implemen-  
7 tation, and operation of the State infrastruc-  
8 tures described in subsection (a); and

9 (B) conduct outreach campaigns regarding  
10 the existence of such infrastructures.

11 (2) ELIGIBILITY FOR GRANTS.—

12 (A) IN GENERAL.—No State may receive a  
13 grant under this subsection unless—

14 (i) the State has an approved amend-  
15 ment to the State plan under title XIX of  
16 the Social Security Act (42 U.S.C. 1396 et  
17 seq.) that—

18 (I) provides medical assistance  
19 under such plan to individuals de-  
20 scribed in section  
21 1902(a)(10)(A)(ii)(XV) of the Social  
22 Security Act (42 U.S.C.  
23 1396a(a)(10)(A)(ii)(XV)); or

24 (II) provides medical assistance  
25 under such plan to individuals de-

1                   scribed in subclauses (XV) and (XVI)  
2                   of section 1902(a)(10)(A)(ii) of the  
3                   Social Security Act (42 U.S.C.  
4                   1396a(a)(10)(A)(ii)); and  
5                   (ii) the State demonstrates to the sat-  
6                   isfaction of the Secretary that the State  
7                   makes personal assistance services avail-  
8                   able under the State plan under title XIX  
9                   of the Social Security Act (42 U.S.C. 1396  
10                  et seq.) to the extent necessary to enable  
11                  individuals described in subclause (I) or  
12                  (II) of clause (i) to remain employed (as  
13                  determined under section 1905(v)(2) of the  
14                  Social Security Act (42 U.S.C.  
15                  1396d(v)(2))).

16                (B) DEFINITION OF PERSONAL ASSIST-  
17                ANCE SERVICES.—In this paragraph, the term  
18                “personal assistance services” means a range of  
19                services, provided by 1 or more persons, de-  
20                signed to assist an individual with a disability  
21                to perform daily activities on and off the job  
22                that the individual would typically perform if  
23                the individual did not have a disability. Such  
24                services shall be designed to increase the indi-

vidual's control in life and ability to perform everyday activities on or off the job.

(3) DETERMINATION OF AWARDS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall determine a formula for awarding grants to States under this section that provides special consideration to States that provide medical assistance under title XIX of the Social Security Act to individuals described in section 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XVI)).

(B) AWARD LIMITS.—

(i) MINIMUM AWARDS.—No State that submits an approved application for funding under this section shall receive a grant for a fiscal year that is less than \$500,000.

(ii) MAXIMUM AWARDS.—No State that submits an approved application for funding under this section shall receive a grant for a fiscal year that exceeds 15 percent of the total expenditures by the State (including the reimbursed Federal share of such expenditures) for medical assistance for individuals eligible under subclause

1 (XV) or (XVI) of section  
2 1902(a)(10)(A)(ii), whichever is greater, as  
3 estimated by the State and approved by  
4 the Secretary.

5 (c) AVAILABILITY OF FUNDS.—

6 (1) FUNDS ALLOCATED TO STATES.—Funds al-  
7 located to a State under a grant made under this  
8 section for a fiscal year shall remain available until  
9 expended.

10 (2) FUNDS NOT ALLOCATED TO STATES.—

11 Funds not allocated to States in the fiscal year for  
12 which they are appropriated shall remain available  
13 in succeeding fiscal years for allocation by the Sec-  
14 retary using the allocation formula established by  
15 the Secretary under subsection (c)(3)(A).

16 (d) ANNUAL REPORT.—A State that receives a grant  
17 under this section shall submit an annual report to the  
18 Secretary on the use of funds provided under the grant.  
19 Each report shall include the percentage increase in the  
20 number of title II disability beneficiaries, as defined in sec-  
21 tion 1148(k)(2) of the Social Security Act (as amended  
22 by section 201) in the State, and title XVI disability bene-  
23 ficiaries, as defined in section 1148(k)(3) of the Social Se-  
24 curity Act (as so amended) in the State who return to  
25 work.

1       (e) APPROPRIATION.—Out of any funds in the Treas-  
2       ury not otherwise appropriated, there is authorized to be  
3       appropriated and there is appropriated to make grants  
4       under this section—

5               (1) for fiscal year 2000, \$20,000,000;

6               (2) for fiscal year 2001, \$25,000,000;

7               (3) for fiscal year 2002, \$30,000,000;

8               (4) for fiscal year 2003, \$35,000,000;

9               (5) for fiscal year 2004, \$40,000,000; and

10              (6) for fiscal years 2005 through 2010, the  
11       amount appropriated for the preceding fiscal year  
12       increased by the percentage increase (if any) in the  
13       Consumer Price Index for All Urban Consumers  
14       (United States city average) for the preceding fiscal  
15       year.

16       (f) RECOMMENDATION.—Not later than October 1,  
17       2009, the Secretary of Health and Human Services, in  
18       consultation with the Ticket to Work and Self-Sufficiency  
19       Advisory Panel established under section 202, shall submit  
20       a recommendation to the Committee on Commerce and the  
21       Committee on Ways and Means of the House of Rep-  
22       resentatives and the Committee on Finance of the Senate  
23       regarding whether the grant program established under  
24       this section should be continued after fiscal year 2010.

1 **SEC. 104. DEMONSTRATION OF COVERAGE OF WORKERS**  
 2 **WITH POTENTIALLY SEVERE DISABILITIES.**

3 (a) STATE APPLICATION.—A State may apply to the  
 4 Secretary of Health and Human Services (in this section  
 5 referred to as the “Secretary”) for approval of a dem-  
 6 onstration project (in this section referred to as a “dem-  
 7 onstration project”) under which up to a specified maxi-  
 8 mum number of individuals who are workers with a poten-  
 9 tially severe disability (as defined in subsection (b)(1)) are  
 10 provided medical assistance equal to that provided under  
 11 section 1905(a) of the Social Security Act (42 U.S.C.  
 12 1396d(a)) to individuals described in section  
 13 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.  
 14 1396a(a)(10)(A)(ii)(XV)).

15 (b) WORKER WITH A POTENTIALLY SEVERE DIS-  
 16 ABILITY DEFINED.—For purposes of this section—

17 (1) IN GENERAL.—The term “worker with a  
 18 potentially severe disability” means, with respect to  
 19 a demonstration project, an individual who—

20 (A) is at least 16, but less than 65, years  
 21 of age;

22 (B) has a specific physical or mental im-  
 23 pairment that, as defined by the State under  
 24 the demonstration project, is reasonably ex-  
 25 pected, but for the receipt of items and services  
 26 described in section 1905(a) of the Social Secu-

1           rity Act, to become blind or disabled (as defined  
2           under section 1614(a) of the Social Security  
3           Act); and

4           (C) is employed (as defined in paragraph  
5           (2)).

6           (2) DEFINITION OF EMPLOYED.—An individual  
7           is considered to be “employed” if the individual—

8           (A) is earning at least the applicable mini-  
9           mum wage requirement under section 6 of the  
10          Fair Labor Standards Act (29 U.S.C. 206) and  
11          working at least 40 hours per month; or

12          (B) is engaged in a work effort that meets  
13          substantial and reasonable threshold criteria for  
14          hours of work, wages, or other measures, as de-  
15          fined under the demonstration project and ap-  
16          proved by the Secretary.

17          (c) APPROVAL OF DEMONSTRATION PROJECTS.—

18           (1) IN GENERAL.—Subject to paragraph (3),  
19          the Secretary shall approve applications under sub-  
20          section (a) that meet the requirements of paragraph  
21          (2) and such additional terms and conditions as the  
22          Secretary may require. The Secretary may waive the  
23          requirement of section 1902(a)(1) of the Social Se-  
24          curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-  
25          State demonstrations.

1           (2) TERMS AND CONDITIONS OF DEMONSTRA-  
2           TION PROJECTS.—The Secretary may not approve a  
3           demonstration project under this section unless the  
4           State provides assurances satisfactory to the Sec-  
5           retary that the following conditions are or will be  
6           met:

7                   (A) ELECTION OF OPTIONAL CATEGORY.—  
8           The State has elected to provide coverage under  
9           its plan under title XIX of the Social Security  
10          Act of individuals described in section  
11          1902(a)(10)(A)(ii)(XV) of the Social Security  
12          Act.

13                  (B) MAINTENANCE OF STATE EFFORT.—  
14          Federal funds paid to a State pursuant to this  
15          section must be used to supplement, but not  
16          supplant, the level of State funds expended for  
17          workers with potentially severe disabilities  
18          under programs in effect for such individuals at  
19          the time the demonstration project is approved  
20          under this section.

21                  (C) INDEPENDENT EVALUATION.—The  
22          State provides for an independent evaluation of  
23          the project.

24           (3) LIMITATIONS ON FEDERAL FUNDING.—

1 (A) APPROPRIATION.—Out of any funds in  
2 the Treasury not otherwise appropriated, there  
3 is authorized to be appropriated and there is  
4 appropriated to carry out this section—

5 (i) for fiscal year 2000, \$70,000,000;

6 (ii) for fiscal year 2001, \$73,000,000;

7 (iii) for fiscal year 2002, \$77,000,000;

8 and

9 (iv) for fiscal year 2003, \$80,000,000.

10 (B) LIMITATION ON PAYMENTS.—In no  
11 case may—

12 (i) the aggregate amount of payment  
13 made by the Secretary to States under this  
14 section exceed \$300,000,000; or

15 (ii) payment be provided by the Sec-  
16 retary for a fiscal year after fiscal year  
17 2005.

18 (C) FUNDS ALLOCATED TO STATES.—The  
19 Secretary shall allocate funds to States based  
20 on their applications and the availability of  
21 funds. Funds allocated to a State under a grant  
22 made under this section for a fiscal year shall  
23 remain available until expended.

24 (D) FUNDS NOT ALLOCATED TO STATES.—  
25 Funds not allocated to States in the fiscal year

for which they are appropriated shall remain available in succeeding fiscal years for allocation by the Secretary using the allocation formula established under this section.

(E) PAYMENTS TO STATES.—Subject to the succeeding provisions of this section, the Secretary shall pay to each State with a demonstration project approved under this section, from its allocation under subparagraph (C), an amount for each quarter equal to the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1395d(b)) of expenditures in the quarter for medical assistance provided to workers with a potentially severe disability.

(d) STATE DEFINED.—In this section, the term “State” has the meaning given such term for purposes of title XIX of the Social Security Act.

## **TITLE II—TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM**

### **SEC. 201. ESTABLISHMENT OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.**

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by adding at the end the following new section:

12           “(b) TICKET SYSTEM.—

“(2) ASSIGNMENT OF TICKETS.—A disabled beneficiary holding a ticket to work and self-sufficiency may assign the ticket to any employment network of the beneficiary’s choice which is serving under the Program and is willing to accept the assignment.

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1 provided in paragraph (4)) an employment network,  
2 which is serving under the Program and to which  
3 such ticket is assigned by the beneficiary, for such  
4 employment services, vocational rehabilitation serv-  
5 ices, and other support services as the employment  
6 network may provide to the beneficiary.

7 “(4) PAYMENTS TO EMPLOYMENT NET-  
8 WORKS.—The Commissioner shall pay an employ-  
9 ment network under the Program in accordance with  
10 the outcome payment system under subsection  
11 (h)(2) or under the outcome-milestone payment sys-  
12 tem under subsection (h)(3) (whichever is elected  
13 pursuant to subsection (h)(1)). An employment net-  
14 work may not request or receive compensation for  
15 such services from the beneficiary.

16 “(c) STATE PARTICIPATION.—

17 “(1) PERIODIC ELECTIONS.—Each State agen-  
18 cy administering or supervising the administration  
19 of the State plan approved under title I of the Reha-  
20 bilitation act of 1973 may elect to participate in the  
21 Program (or to revoke any such election) as an em-  
22 ployment network. The Commissioner shall provide  
23 for periodic opportunities for exercising such elec-  
24 tions (and revocations).

1           “(2) TREATMENT OF STATE AGENCIES.—Any  
2       such election (or revocation) by a State agency de-  
3       scribed in paragraph (1) taking effect during any  
4       period for which an individual residing in the State  
5       is a disabled beneficiary and a client of the State  
6       agency shall not be effective with respect to such in-  
7       dividual to the extent that such election (or revoca-  
8       tion) would result in any change in the method of  
9       payment to the State agency with respect to the in-  
10      dividual from the method of payment to the State  
11      agency with respect to the individual in effect imme-  
12      diately before such election (or revocation).

13           “(3) EFFECT OF PARTICIPATION BY STATE  
14      AGENCY.—

15           “(A) STATE AGENCIES PARTICIPATING.—  
16      In any case in which a State agency described  
17      in paragraph (1) elects under paragraph (1) to  
18      participate in the Program—

19           “(i) the employment services, voca-  
20           tional rehabilitation services, and other  
21           support services which, upon assignment of  
22           tickets to work and self-sufficiency, are  
23           provided to disabled beneficiaries by the  
24           State agency acting as an employment net-  
25           work shall be governed by plans for voca-

1            tional rehabilitation services approved  
2            under title I of the Rehabilitation Act of  
3            1973; and

4            “(ii) the provisions of section 222(d)  
5            and the provisions of subsections (d) and  
6            (e) of section 1615 shall not apply with re-  
7            spect to such State.

8            “(B) STATE AGENCIES ADMINISTERING  
9            MATERNAL AND CHILD HEALTH SERVICES PRO-  
10           GRAMS.—Subparagraph (A) shall not apply  
11           with respect to any State agency administering  
12           a program under title V of this Act.

13           “(4) SPECIAL REQUIREMENTS APPLICABLE TO  
14           CROSS-REFERRAL TO CERTAIN STATE AGENCIES.—

15           “(A) IN GENERAL.—In any case in which  
16           an employment network has been assigned a  
17           ticket to work and self-sufficiency by a disabled  
18           beneficiary, no State agency shall be deemed re-  
19           quired, under this section, title I of the Reha-  
20           bilitation Act of 1973, or a State plan approved  
21           under such title, to accept any referral of such  
22           disabled beneficiary from such employment net-  
23           work unless such employment network and such  
24           State agency have entered into a written agree-

1           ment that meets the requirements of subpara-  
2           graph (B).

3           “(B) TERMS OF AGREEMENT.—An agree-  
4           ment required by subparagraph (A) shall speci-  
5           fy, in accordance with regulations prescribed  
6           pursuant to subparagraph (C)—

7                   “(i) the extent (if any) to which the  
8                   employment network holding the ticket will  
9                   provide to the State agency—

10                           “(I) reimbursement for costs in-  
11                           curred in providing services described  
12                           in subparagraph (A) to the disabled  
13                           beneficiary; and

14                           “(II) other amounts from pay-  
15                           ments made by the Commissioner to  
16                           the employment network pursuant to  
17                           subsection (h); and

18                           “(ii) any other conditions that may be  
19                           required by such regulations.

20           “(C) REGULATIONS.—The Commissioner  
21           of Social Security and the Secretary of Edu-  
22           cation shall jointly prescribe regulations specify-  
23           ing the terms of agreements required by sub-  
24           paragraph (A) and otherwise necessary to carry  
25           out the provisions of this paragraph.

1           “(D) PENALTY.—No payment may be  
2           made to an employment network pursuant to  
3           subsection (h) in connection with services pro-  
4           vided to any disabled beneficiary if such em-  
5           ployment network makes referrals described in  
6           subparagraph (A) in violation of the terms of  
7           the contract required under subparagraph (A)  
8           or without having entered into such a contract.

9           “(d) RESPONSIBILITIES OF THE COMMISSIONER OF  
10          SOCIAL SECURITY.—

11           “(1) SELECTION AND QUALIFICATIONS OF PRO-  
12          GRAM MANAGERS.—The Commissioner of Social Se-  
13          curity shall enter into agreements with one or more  
14          organizations in the private or public sector for serv-  
15          ice as a program manager to assist the Commis-  
16          sioner in administering the Program. Any such pro-  
17          gram manager shall be selected by means of a com-  
18          petitive bidding process, from among organizations  
19          in the private or public sector with available exper-  
20          tise and experience in the field of vocational rehabili-  
21          tation or employment services.

22           “(2) TENURE, RENEWAL, AND EARLY TERMI-  
23          NATION.—Each agreement entered into under para-  
24          graph (1) shall provide for early termination upon  
25          failure to meet performance standards which shall be

1 specified in the agreement and which shall be  
2 weighted to take into account any performance in  
3 prior terms. Such performance standards shall in-  
4 clude (but are not limited to)—

5 “(A) measures for ease of access by bene-  
6 ficiaries to services; and

7 “(B) measures for determining the extent  
8 to which failures in obtaining services for bene-  
9 ficiaries fall within acceptable parameters, as  
10 determined by the Commissioner.

11 “(3) PRECLUSION FROM DIRECT PARTICIPA-  
12 TION IN DELIVERY OF SERVICES IN OWN SERVICE  
13 AREA.—Agreements under paragraph (1) shall  
14 preclude—

15 “(A) direct participation by a program  
16 manager in the delivery of employment services,  
17 vocational rehabilitation services, or other sup-  
18 port services to beneficiaries in the service area  
19 covered by the program manager’s agreement;  
20 and

21 “(B) the holding by a program manager of  
22 a financial interest in an employment network  
23 or service provider which provides services in a  
24 geographic area covered under the program  
25 manager’s agreement.

1           “(4) SELECTION OF EMPLOYMENT NET-  
2       WORKS.—The Commissioner shall select and enter  
3       into agreements with employment networks for serv-  
4       ice under the Program. Such employment networks  
5       shall be in addition to State agencies serving as em-  
6       ployment networks pursuant to elections under sub-  
7       section (c).

8           “(5) TERMINATION OF AGREEMENTS WITH EM-  
9       PLOYMENT NETWORKS.—The Commissioner shall  
10      terminate agreements with employment networks for  
11      inadequate performance, as determined by the Com-  
12      missioner.

13          “(6) QUALITY ASSURANCE.—The Commissioner  
14      shall provide for such periodic reviews as are nec-  
15      essary to provide for effective quality assurance in  
16      the provision of services by employment networks.  
17      The Commissioner shall take into account the views  
18      of consumers and the program manager under which  
19      the employment networks serve and shall consult  
20      with providers of services to develop performance  
21      measurements. The Commissioner shall ensure that  
22      the results of the periodic reviews are made available  
23      to beneficiaries who are prospective service recipients  
24      as they select employment networks. The Commis-  
25      sioner shall ensure the performance of periodic sur-

1       veys of beneficiaries receiving services under the  
2       Program designed to measure customer service satis-  
3       faction.

4               “(7) DISPUTE RESOLUTION.—The Commis-  
5       sioner shall provide for a mechanism for resolving  
6       disputes between beneficiaries and employment net-  
7       works and between program managers and employ-  
8       ment networks. The Commissioner shall afford a  
9       party to such a dispute a reasonable opportunity for  
10      a full and fair review of the matter in dispute.

11      “(e) PROGRAM MANAGERS.—

12              “(1) IN GENERAL.—A program manager shall  
13      conduct tasks appropriate to assist the Commis-  
14      sioner in carrying out the Commissioner’s duties in  
15      administering the Program.

16              “(2) RECRUITMENT OF EMPLOYMENT NET-  
17      WORKS.—A program manager shall recruit, and rec-  
18      ommend for selection by the Commissioner, employ-  
19      ment networks for service under the Program. The  
20      program manager shall carry out such recruitment  
21      and provide such recommendations, and shall mon-  
22      itor all employment networks serving in the Program  
23      in the geographic area covered under the program  
24      manager’s agreement, to the extent necessary and  
25      appropriate to ensure that adequate choices of serv-

1        ices are made available to beneficiaries. Employment  
2        networks may serve under the Program only pursu-  
3        ant to an agreement entered into with the Commis-  
4        sioner under the Program incorporating the applica-  
5        ble provisions of this section and regulations there-  
6        under, and the program manager shall provide and  
7        maintain assurances to the Commissioner that pay-  
8        ment by the Commissioner to employment networks  
9        pursuant to this section is warranted based on com-  
10       pliance by such employment networks with the terms  
11       of such agreement and this section. The program  
12       manager shall not impose numerical limits on the  
13       number of employment networks to be recommended  
14       pursuant to this paragraph.

15       “(3) FACILITATION OF ACCESS BY BENE-  
16       FICIARIES TO EMPLOYMENT NETWORKS.—A pro-  
17       gram manager shall facilitate access by beneficiaries  
18       to employment networks. The program manager  
19       shall ensure that each beneficiary is allowed changes  
20       in employment networks for good cause, as deter-  
21       mined by the Commissioner, without being deemed  
22       to have rejected services under the Program. The  
23       program manager shall establish and maintain lists  
24       of employment networks available to beneficiaries  
25       and shall make such lists generally available to the

1 public. The program manager shall ensure that all  
2 information provided to disabled beneficiaries pursu-  
3 ant to this paragraph is provided in accessible for-  
4 mat.

5 “(4) ENSURING AVAILABILITY OF ADEQUATE  
6 SERVICES.—The program manager shall ensure that  
7 employment services, vocational rehabilitation serv-  
8 ices, and other support services are provided to  
9 beneficiaries throughout the geographic area covered  
10 under the program manager’s agreement, including  
11 rural areas.

12 “(5) REASONABLE ACCESS TO SERVICES.—The  
13 program manager shall take such measures as are  
14 necessary to ensure that sufficient employment net-  
15 works are available and that each beneficiary receiv-  
16 ing services under the Program has reasonable ac-  
17 cess to employment services, vocational rehabilitation  
18 services, and other support services. Such services  
19 may include case management, benefits counseling,  
20 supported employment, career planning, career plan  
21 development, vocational assessment, job training,  
22 placement, follow-up services, and such other serv-  
23 ices as may be specified by the Commissioner under  
24 the Program. The program manager shall ensure  
25 that such services are coordinated.

1 “(f) EMPLOYMENT NETWORKS.—

2 “(1) QUALIFICATIONS FOR EMPLOYMENT NET-  
3 WORKS.—Each employment network serving under  
4 the Program shall consist of an agency or instru-  
5 mentality of a State (or a political subdivision there-  
6 of) or a private entity, which assumes responsibility  
7 for the coordination and delivery of services under  
8 the Program to individuals assigning to the employ-  
9 ment network tickets to work and self-sufficiency  
10 issued under subsection (b). No employment network  
11 may serve under the Program unless it demonstrates  
12 to the Commissioner substantial expertise and expe-  
13 rience in the field of employment services, vocational  
14 rehabilitation services, or other support services for  
15 individuals with disabilities and provides an array of  
16 such services. An employment network shall consist  
17 of either a single provider of such services or of an  
18 association of such providers organized so as to com-  
19 bine their resources into a single entity. An employ-  
20 ment network may meet the requirements of sub-  
21 section (e)(4) by providing services directly, or by  
22 entering into agreements with other individuals or  
23 entities providing appropriate employment services,  
24 vocational rehabilitation services, or other support  
25 services.

1           “(2) REQUIREMENTS RELATING TO PROVISION  
2           OF SERVICES.—Each employment network serving  
3           under the Program shall be required under the  
4           terms of its agreement with the Commissioner to—

5                   “(A) serve prescribed service areas;

6                   “(B) meet, and maintain compliance with,  
7           both general selection criteria (such as profes-  
8           sional and governmental certification and edu-  
9           cational credentials) and specific selection cri-  
10          teria (such as the extent of work experience by  
11          the provider with specific populations); and

12                   “(C) take such measures as are necessary  
13          to ensure that employment services, vocational  
14          rehabilitation services, and other support serv-  
15          ices provided under the Program by, or under  
16          agreements entered into with, the employment  
17          network are provided under appropriate individ-  
18          ual work plans meeting the requirements of  
19          subsection (g).

20           “(3) ANNUAL FINANCIAL REPORTING.—Each  
21          employment network shall meet financial reporting  
22          requirements as prescribed by the Commissioner.

23           “(4) PERIODIC OUTCOMES REPORTING.—Each  
24          employment network shall prepare periodic reports,  
25          on at least an annual basis, itemizing for the covered

1 period specific outcomes achieved with respect to  
2 specific services provided by the employment net-  
3 work. Such reports shall conform to a national  
4 model prescribed under this section. Each employ-  
5 ment network shall provide a copy of the latest re-  
6 port issued by the employment network pursuant to  
7 this paragraph to each beneficiary upon enrollment  
8 under the Program for services to be received  
9 through such employment network. Upon issuance of  
10 each report to each beneficiary, a copy of the report  
11 shall be maintained in the files of the employment  
12 network pertaining to the beneficiary. The program  
13 manager shall ensure that copies of all such reports  
14 issued under this paragraph are made available to  
15 the public under reasonable terms.

16 “(g) INDIVIDUAL WORK PLANS.—

17 “(1) IN GENERAL.—Each employment network  
18 shall—

19 “(A) take such measures as are necessary  
20 to ensure that employment services, vocational  
21 rehabilitation services, and other support serv-  
22 ices provided under the Program by, or under  
23 agreements entered into with, the employment  
24 network are provided under appropriate individ-

1 ual work plans as defined by the Commissioner;  
2 and

3 “(B) develop and implement each such in-  
4 dividual work plan, in the case of each bene-  
5 ficiary receiving such services, in a manner that  
6 affords such beneficiary the opportunity to ex-  
7 ercise informed choice in selecting an employ-  
8 ment goal and specific services needed to  
9 achieve that employment goal.

10 A beneficiary’s individual work plan shall take effect  
11 upon approval by the beneficiary.

12 “(2) VOCATIONAL EVALUATION.—In devising  
13 the work plan, the employment network shall under-  
14 take a vocational evaluation with respect to the ben-  
15 eficiary. Each vocational evaluation shall set forth in  
16 writing such elements and shall be in such format as  
17 the Commissioner shall prescribe. The Commissioner  
18 may provide for waiver by the beneficiary of such a  
19 vocational evaluation, subject to regulations which  
20 shall be prescribed by the Commissioner providing  
21 for the permissible timing of, and the circumstances  
22 permitting, such a waiver.

23 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

24 “(1) ELECTION OF PAYMENT SYSTEM BY EM-  
25 PLOYMENT NETWORKS.—

1           “(A) IN GENERAL.—The Program shall  
2           provide for payment authorized by the Commis-  
3           sioner to employment networks under either an  
4           outcome payment system or an outcome-mile-  
5           stone payment system. Each employment net-  
6           work shall elect which payment system will be  
7           utilized by the employment network, and, for  
8           such period of time as such election remains in  
9           effect, the payment system so elected shall be  
10          utilized exclusively in connection with such em-  
11          ployment network (except as provided in sub-  
12          paragraph (B)).

13          “(B) METHOD OF PAYMENT TO EMPLOY-  
14          MENT NETWORKS.—Any such election by an  
15          employment network taking effect during any  
16          period for which a disabled beneficiary is receiv-  
17          ing services from such employment network  
18          shall not be effective with respect to such bene-  
19          ficiary to the extent that such election would re-  
20          sult in any change in the method of payment to  
21          the employment network with respect to serv-  
22          ices provided to such beneficiary from the meth-  
23          od of payment to the employment network with  
24          respect to services provided to such beneficiary  
25          as of immediately before such election.

1 “(2) OUTCOME PAYMENT SYSTEM.—

2 “(A) IN GENERAL.—The outcome payment  
3 system shall consist of a payment structure gov-  
4 erning employment networks electing such sys-  
5 tem under paragraph (1)(A) which meets the  
6 requirements of this paragraph.

7 “(B) PAYMENTS MADE DURING OUTCOME  
8 PAYMENT PERIOD.—The outcome payment sys-  
9 tem shall provide for a schedule of payments to  
10 an employment network, in connection with  
11 each individual who is a beneficiary, for each  
12 month, during the individual’s outcome pay-  
13 ment period, for which benefits (described in  
14 paragraphs (2) and (3) of subsection (k)) are  
15 not payable to such individual.

16 “(C) COMPUTATION OF PAYMENTS TO EM-  
17 PLOYMENT NETWORK.—The payment schedule  
18 of the outcome payment system shall be de-  
19 signed so that—

20 “(i) the payment for each of the 60  
21 months during the outcome payment pe-  
22 riod for which benefits (described in para-  
23 graphs (2) and (3) of subsection (k)) are  
24 not payable is equal to a fixed percentage  
25 of the payment calculation base for the cal-

1           endar year in which such month occurs;

2           and

3           “(ii) such fixed percentage is set at a

4           percentage which does not exceed 40 per-

5           cent.

6           “(3) OUTCOME-MILESTONE PAYMENT SYS-

7           TEM.—

8           “(A) IN GENERAL.—The outcome-mile-

9           stone payment system shall consist of a pay-

10          ment structure governing employment networks

11          electing such system under paragraph (1)(A)

12          which meets the requirements of this para-

13          graph.

14          “(B) EARLY PAYMENTS UPON ATTAIN-

15          MENT OF MILESTONES IN ADVANCE OF OUT-

16          COME PAYMENT PERIODS.—The outcome-mile-

17          stone payment system shall provide for one or

18          more milestones, with respect to beneficiaries

19          receiving services from an employment network

20          under the Program, which are directed toward

21          the goal of permanent employment. Such mile-

22          stones shall form a part of a payment structure

23          which provides, in addition to payments made

24          during outcome payment periods, payments

25          made prior to outcome payment periods in

1 amounts based on the attainment of such mile-  
2 stones.

3 “(C) LIMITATION ON TOTAL PAYMENTS TO  
4 EMPLOYMENT NETWORK.—The payment sched-  
5 ule of the outcome milestone payment system  
6 shall be designed so that the total of the pay-  
7 ments to the employment network with respect  
8 to each beneficiary is less than, on a net  
9 present value basis (using an interest rate de-  
10 termined by the Commissioner that appro-  
11 priately reflects the cost of funds faced by pro-  
12 viders), the total amount to which payments to  
13 the employment network with respect to the  
14 beneficiary would be limited if the employment  
15 network were paid under the outcome payment  
16 system.

17 “(4) DEFINITIONS.—For purposes of this  
18 subsection—

19 “(A) PAYMENT CALCULATION BASE.—The  
20 term ‘payment calculation base’ means, for any  
21 calendar year—

22 “(i) in connection with a title II dis-  
23 ability beneficiary, the average disability  
24 insurance benefit payable under section

223 for all beneficiaries for months during  
the preceding calendar year; and

“(ii) in connection with a title XVI  
disability beneficiary (who is not concurrently a title II disability beneficiary), the  
average payment of supplemental security  
income benefits based on disability payable  
under title XVI (excluding State supplementation) for months during the preceding  
calendar year to all beneficiaries  
who have attained at least 18 years of age.

“(B) OUTCOME PAYMENT PERIOD.—The  
term ‘outcome payment period’ means, in connection with any individual who had assigned a  
ticket to work and self-sufficiency to an employment network under the Program, a period—

“(i) beginning with the first month,  
ending after the date on which such ticket  
was assigned to the employment network,  
for which benefits (described in paragraphs  
(2) and (3) of subsection (k)) are not payable to such individual by reason of engagement in work activity; and

“(ii) ending with the 60th month  
(consecutive or otherwise), ending after

1           such date, for which such benefits are not  
2           payable to such individual by reason of en-  
3           gagement in work activity.

4           “(5) PERIODIC REVIEW AND ALTERATIONS OF  
5       PRESCRIBED SCHEDULES.—

6           “(A) PERCENTAGES AND PERIODS.—The  
7       Commissioner of Social Security shall periodi-  
8       cally review the percentage specified in para-  
9       graph (2)(C), the total payments permissible  
10      under paragraph (3)(C), and the period of time  
11      specified in paragraph (4)(B) to determine  
12      whether such percentages, such permissible pay-  
13      ments, and such period provide an adequate in-  
14      centive for employment networks to assist bene-  
15      ficiaries to enter the workforce, while providing  
16      for appropriate economies. The Commissioner  
17      may alter such percentage, such total permis-  
18      sible payments, or such period of time to the  
19      extent that the Commissioner determines, on  
20      the basis of the Commissioner’s review under  
21      this paragraph, that such an alteration would  
22      better provide the incentive and economies de-  
23      scribed in the preceding sentence.

24          “(B) NUMBER AND AMOUNT OF MILE-  
25      STONE PAYMENTS.—The Commissioner shall

1           periodically review the number and amounts of  
2           milestone payments established by the Commis-  
3           sioner pursuant to this section to determine  
4           whether they provide an adequate incentive for  
5           employment networks to assist beneficiaries to  
6           enter the workforce, taking into account infor-  
7           mation provided to the Commissioner by pro-  
8           gram managers, the Ticket to Work and Self-  
9           Sufficiency Advisory Panel, and other reliable  
10          sources. The Commissioner may from time to  
11          time alter the number and amounts of mile-  
12          stone payments initially established by the  
13          Commissioner pursuant to this section to the  
14          extent that the Commissioner determines that  
15          such an alteration would allow an adequate in-  
16          centive for employment networks to assist bene-  
17          ficiaries to enter the workforce. Such alteration  
18          shall be based on information provided to the  
19          Commissioner by program managers, the Ticket  
20          to Work and Self-Sufficiency Advisory Panel, or  
21          other reliable sources.

22          “(i) SUSPENSION OF DISABILITY REVIEWS.—During  
23          any period for which an individual is using a ticket to work  
24          and self-sufficiency issued under this section, the Commis-  
25          sioner (and any applicable State agency) may not initiate

1 a continuing disability review or other review under section  
2 221 of whether the individual is or is not under a disability  
3 or a review under title XVI similar to any such review  
4 under section 221.

5 “(j) AUTHORIZATIONS.—

6 “(1) TITLE II DISABILITY BENEFICIARIES.—

7 There are authorized to be transferred from the  
8 Federal Old-Age and Survivors Insurance Trust  
9 Fund and the Federal Disability Insurance Trust  
10 Fund each fiscal year such sums as may be nec-  
11 essary to carry out the provisions of this section  
12 with respect to title II disability beneficiaries. Money  
13 paid from the Trust Funds under this section with  
14 respect to title II disability beneficiaries who are en-  
15 titled to benefits under section 223 or who are enti-  
16 tled to benefits under section 202(d) on the basis of  
17 the wages and self-employment income of such bene-  
18 ficiaries, shall be charged to the Federal Disability  
19 Insurance Trust Fund, and all other money paid  
20 from the Trust Funds under this section shall be  
21 charged to the Federal Old-Age and Survivors Insur-  
22 ance Trust Fund. The Commissioner of Social Secu-  
23 rity shall determine according to such methods and  
24 procedures as shall be prescribed under this  
25 section—

1           “(A) the total amount to be paid to pro-  
 2           gram managers and employment networks  
 3           under this section; and

4           “(B) subject to the provisions of the pre-  
 5           ceding sentence, the amount which should be  
 6           charged to each of the Trust Funds.

7           “(2) TITLE XVI DISABILITY BENEFICIARIES.—  
 8           Amounts authorized to be appropriated to the Social  
 9           Security Administration under section 1601 (as in  
 10          effect pursuant to the amendments made by section  
 11          301 of the Social Security Amendments of 1972)  
 12          shall include amounts necessary to carry out the  
 13          provisions of this section with respect to title XVI  
 14          disability beneficiaries.

15          “(k) DEFINITIONS.—For purposes of this section—

16               “(1) DISABLED BENEFICIARY.—The term ‘dis-  
 17               abled beneficiary’ means a title II disability bene-  
 18               ficiary or a title XVI disability beneficiary.

19               “(2) TITLE II DISABILITY BENEFICIARY.—The  
 20               term ‘title II disability beneficiary’ means an individ-  
 21               ual entitled to disability insurance benefits under  
 22               section 223 or to monthly insurance benefits under  
 23               section 202 based on such individual’s disability (as  
 24               defined in section 223(d)). An individual is a title II

1       disability beneficiary for each month for which such  
2       individual is entitled to such benefits.

3               “(3) TITLE XVI DISABILITY BENEFICIARY.—

4       The term ‘title XVI disability beneficiary’ means an  
5       individual eligible for supplemental security income  
6       benefits under title XVI on the basis of blindness  
7       (within the meaning of section 1614(a)(2)) or dis-  
8       ability (within the meaning of section 1614(a)(3)).  
9       An individual is a title XVI disability beneficiary for  
10      each month for which such individual is eligible for  
11      such benefits.

12              “(4) SUPPLEMENTAL SECURITY INCOME BENE-  
13      FIT.—The term ‘supplemental security income bene-  
14      fit under title XVI’ means a cash benefit under sec-  
15      tion 1611 or 1619(a), and does not include a State  
16      supplementary payment, administered federally or  
17      otherwise.

18              “(l) REGULATIONS.—The Commissioner of Social Se-  
19      curity shall prescribe such regulations as are necessary to  
20      carry out the provisions of this section.”.

21              (b) CONFORMING AMENDMENTS.—

22                      (1) AMENDMENTS TO TITLE II.—

23                              (A) Section 221(c) of such Act (42 U.S.C.  
24                              421(c)) is amended by adding at the end the  
25                              following new paragraph:

1       “(4) For suspension of reviews under this subsection  
 2 in the case of an individual using a ticket to work and  
 3 self-sufficiency, see section 1148(i).”.

4               (B) Section 222(a) of such Act (42 U.S.C.  
 5 422(a)) is repealed.

6               (C) Section 222(b) of such Act (42 U.S.C.  
 7 422(b)) is repealed.

8               (D) Section 225(b)(1) of such Act (42  
 9 U.S.C. 425(b)(1)) is amended by striking “a  
 10 program of vocational rehabilitation services”  
 11 and inserting “a program consisting of the  
 12 Ticket to Work and Self-Sufficiency Program  
 13 under section 1148 or another program of voca-  
 14 tional rehabilitation services, employment serv-  
 15 ices, or other support services”.

16       (2) AMENDMENTS TO TITLE XVI.—

17               (A) Section 1615(a) of such Act (42  
 18 U.S.C. 1382d(a)) is amended to read as follows:

19       “SEC. 1615. (a) In the case of any blind or disabled  
 20 individual who—

21               “(1) has not attained age 16; and

22               “(2) with respect to whom benefits are paid  
 23 under this title,

1 the Commissioner of Social Security shall make provision  
 2 for referral of such individual to the appropriate State  
 3 agency administering the State program under title V.”.

4 (B) Section 1615(c) of such Act (42  
 5 U.S.C. 1382d(c)) is repealed.

6 (C) Section 1631(a)(6)(A) of such Act (42  
 7 U.S.C. 1383(a)(6)(A)) is amended by striking  
 8 “a program of vocational rehabilitation serv-  
 9 ices” and inserting “a program consisting of  
 10 the Ticket to Work and Self-Sufficiency Pro-  
 11 gram under section 1148 or another program of  
 12 vocational rehabilitation services, employment  
 13 services, or other support services”.

14 (D) Section 1633(c) of such Act (42  
 15 U.S.C. 1383b(c)) is amended—

16 (i) by inserting “(1)” after “(c)”; and

17 (ii) by adding at the end the following

18 new paragraph:

19 “(2) For suspension of continuing disability reviews  
 20 and other reviews under this title similar to reviews under  
 21 section 221 in the case of an individual using a ticket to  
 22 work and self-sufficiency, see section 1148(i).”.

23 (c) SPECIFIC REGULATIONS REQUIRED.—

24 (1) IN GENERAL.—The Commissioner of Social  
 25 Security shall prescribe such regulations as are nec-

1        essary to implement the amendments made by this  
2        section.

3            (2) SPECIFIC MATTERS TO BE INCLUDED IN  
4        REGULATIONS.—The matters which shall be ad-  
5        dressed in such regulations shall include (but are not  
6        limited to)—

7            (A) the form and manner in which tickets  
8        to work and self-sufficiency may be distributed  
9        to beneficiaries pursuant to section 1148(b)(1)  
10       of such Act;

11           (B) the format and wording of such tick-  
12       ets, which shall incorporate by reference any  
13       contractual terms governing service by employ-  
14       ment networks under the Program;

15           (C) the form and manner in which State  
16       agencies may elect participation in the Ticket to  
17       Work and Self-Sufficiency Program (and revoke  
18       such an election) pursuant to section  
19       1148(c)(1) of such Act and provision for peri-  
20       odic opportunities for exercising such elections  
21       (and revocations);

22           (D) the status of State agencies under sec-  
23       tion 1148(c)(2) at the time that State agencies  
24       exercise elections (and revocations) under such  
25       section 1148(c)(1);

1 (E) the terms of agreements to be entered  
2 into with program managers pursuant to sec-  
3 tion 1148(d) of such Act, including (but not  
4 limited to)—

5 (i) the terms by which program man-  
6 agers are precluded from direct participa-  
7 tion in the delivery of services pursuant to  
8 section 1148(d)(3) of such Act;

9 (ii) standards which must be met by  
10 quality assurance measures referred to in  
11 paragraph (6) of section 1148(d) and  
12 methods of recruitment of employment net-  
13 works utilized pursuant to paragraph (2)  
14 of section 1148(e); and

15 (iii) the format under which dispute  
16 resolution will operate under section  
17 1148(d)(7).

18 (F) the terms of agreements to be entered  
19 into with employment networks pursuant to sec-  
20 tion 1148(d)(4) of such Act, including (but not  
21 limited to)—

22 (i) the manner in which service areas  
23 are specified pursuant to section  
24 1148(f)(2)(A) of such Act;

1           (ii) the general selection criteria and  
2           the specific selection criteria which are ap-  
3           plicable to employment networks under  
4           section 1148(f)(2)(B) of such Act in select-  
5           ing service providers;

6           (iii) specific requirements relating to  
7           annual financial reporting by employment  
8           networks pursuant to section 1148(f)(3) of  
9           such Act; and

10          (iv) the national model to which peri-  
11          odic outcomes reporting by employment  
12          networks must conform under section  
13          1148(f)(4) of such Act;

14          (G) standards which must be met by indi-  
15          vidual work plans pursuant to section 1148(g)  
16          of such Act;

17          (H) standards which must be met by pay-  
18          ment systems required under section 1148(h) of  
19          such Act, including (but not limited to)—

20               (i) the form and manner in which  
21               elections by employment networks of pay-  
22               ment systems are to be exercised pursuant  
23               to section 1148(h)(1)(A);

1 (ii) the terms which must be met by  
2 an outcome payment system under section  
3 1148(h)(2);

4 (iii) the terms which must be met by  
5 an outcome-milestone payment system  
6 under section 1148(h)(3);

7 (iv) any revision of the percentage  
8 specified in paragraph (2)(C) of section  
9 1148(h) of such Act or the period of time  
10 specified in paragraph (4)(B) of such sec-  
11 tion 1148(h); and

12 (v) annual oversight procedures for  
13 such systems; and

14 (I) procedures for effective oversight of the  
15 Program by the Commissioner of Social Secu-  
16 rity, including periodic reviews and reporting  
17 requirements.

18 (d) WORK INCENTIVE SPECIALISTS.—The Commis-  
19 sioner shall establish a corps of trained, accessible, and  
20 responsive work incentive specialists to specialize in title  
21 II and title XVI disability work incentives for the purpose  
22 of disseminating accurate information to disabled bene-  
23 ficiaries (as defined in section 1148(k)(1) of the Social  
24 Security Act as amended by this section) with respect to  
25 inquiries and issues relating to work incentives.

1 **SEC. 202. EFFECTIVE DATE.**

2       Subject to section 203, the amendments made by sec-  
3 tion 201 shall take effect with the first month following  
4 one year after the date of the enactment of this Act.

5 **SEC. 203. GRADUATED IMPLEMENTATION OF PROGRAM.**

6       (a) IN GENERAL.—Not later than one year after the  
7 date of the enactment of this Act, the Commissioner of  
8 Social Security shall commence implementation of the  
9 amendments made by section 201 (other than paragraphs  
10 (1)(C) and (2)(B) of section 201(b)) in graduated phases  
11 at phase-in sites selected by the Commissioner. Such  
12 phase-in sites shall be selected so as to ensure, prior to  
13 full implementation of the Ticket to Work and Self-Suffi-  
14 ciency Program, the development and refinement of refer-  
15 ral processes, payment systems, computer linkages, man-  
16 agement information systems, and administrative proc-  
17 esses necessary to provide for full implementation of such  
18 amendments. Section 202 shall apply with respect to para-  
19 graphs (1)(C) and (2)(B) of section 201(b) without regard  
20 to this section.

21       (b) REQUIREMENTS.—Implementation of the Pro-  
22 gram at each phase-in site shall be carried out on a wide  
23 enough scale to permit a thorough evaluation of the alter-  
24 native methods under consideration, so as to ensure that  
25 the most efficacious methods are determined and in place  
26 for full implementation of the Program on a timely basis.

1 (c) FULL IMPLEMENTATION.—The Commissioner  
2 shall ensure that the Program is fully implemented as  
3 soon as practicable on or after the effective date specified  
4 in section 202 but not later than six years after such date.

5 (d) ONGOING EVALUATION OF PROGRAM.—

6 (1) IN GENERAL.—The Commissioner shall de-  
7 sign and conduct a series of evaluations to assess  
8 the cost-effectiveness of activities carried out under  
9 this title and the amendments made thereby, as well  
10 as the effects of this title and the amendments made  
11 thereby on work outcomes for beneficiaries receiving  
12 tickets to work and self-sufficiency under the Pro-  
13 gram.

14 (2) METHODOLOGY.—

15 (A) DESIGN AND IMPLEMENTATION.—The  
16 Commissioner shall design the series of evalua-  
17 tions after receiving relevant advice from ex-  
18 perts in the fields of disability, vocational reha-  
19 bilitation, and program evaluation and individ-  
20 uals using tickets to work and self-sufficiency  
21 under the Program. In designing and carrying  
22 out such evaluations, the Commissioner shall  
23 consult with the Comptroller General of the  
24 United States and other agencies of the Federal  
25 Government and with private organizations with

1 appropriate expertise. Before provision of serv-  
2 ices begins under any phase of Program imple-  
3 mentation, the Commissioner shall ensure that  
4 plans for such evaluations and data collection  
5 methods are in place and ready for implementa-  
6 tion.

7 (B) SPECIFIC MATTERS TO BE AD-  
8 DRESSED.—Each such evaluation shall address  
9 (but is not limited to):

10 (i) the annual cost (including net  
11 cost) of the Program and the annual cost  
12 (including net cost) that would have been  
13 incurred in the absence of the Program;

14 (ii) the determinants of return to  
15 work, including the characteristics of bene-  
16 ficiaries in receipt of tickets under the Pro-  
17 gram;

18 (iii) the types of employment services,  
19 vocational rehabilitation services, and other  
20 support services furnished to beneficiaries  
21 in receipt of tickets under the Program  
22 who return to work and to those who do  
23 not return to work;

24 (iv) the duration of employment serv-  
25 ices, vocational rehabilitation services, and

1 other support services furnished to bene-  
2 ficiaries in receipt of tickets under the Pro-  
3 gram who return to work and the duration  
4 of such services furnished to those who do  
5 not return to work and the cost to employ-  
6 ment networks of furnishing such services;

7 (v) the employment outcomes, includ-  
8 ing wages, occupations, benefits, and hours  
9 worked, of beneficiaries who return to work  
10 after receiving tickets under the Program  
11 and those who return to work without re-  
12 ceiving such tickets;

13 (vi) the characteristics of providers  
14 whose services are provided within an em-  
15 ployment network under the Program;

16 (vii) the extent (if any) to which em-  
17 ployment networks display a greater will-  
18 ingness to provide services to disabled  
19 beneficiaries;

20 (viii) the characteristics (including  
21 employment outcomes) of those bene-  
22 ficiaries who receive services under the out-  
23 come payment system and of those bene-  
24 ficiaries who receive services under the out-  
25 come-milestone payment system;

1 (ix) measures of satisfaction among  
2 beneficiaries in receipt of tickets under the  
3 Program; and

4 (x) reasons for (including comments  
5 solicited from beneficiaries regarding) their  
6 choice not to use their tickets or their in-  
7 ability to return to work despite the use of  
8 thier tickets.

9 (3) PERIODIC EVALUATION REPORTS.—Follow-  
10 ing the close of the third and fifth fiscal years end-  
11 ing after the effective date under section 202, and  
12 prior to the close of the seventh fiscal year ending  
13 after such date, the Commissioner shall transmit to  
14 the Committee on Ways and Means of the House of  
15 Representatives and the Committee on Finance of  
16 the Senate a report containing the Commissioner's  
17 evaluation of the progress of activities conducted  
18 under the provisions of this section and the amend-  
19 ments made thereby. Each such report shall set  
20 forth the Commissioner's evaluation of the extent to  
21 which the Program has been successful and the  
22 Commissioner's conclusions on whether or how the  
23 Program should be modified. Each such report shall  
24 include such data, findings, materials, and rec-

1 ommendations as the Commissioner may consider  
 2 appropriate.

3 (e) EXTENT OF STATE'S RIGHT OF FIRST REFUSAL  
 4 IN ADVANCE OF FULL IMPLEMENTATION OF AMEND-  
 5 MENTS IN SUCH STATE.—

6 (1) IN GENERAL.—In the case of any State in  
 7 which the amendments made by section 201 have  
 8 not been fully implemented pursuant to this section,  
 9 the Commissioner shall determine by regulation the  
 10 extent to which—

11 (A) the requirement under section 222(a)  
 12 of the Social Security Act for prompt referrals  
 13 to a State agency; and

14 (B) the authority of the Commissioner  
 15 under section 222(d)(2) of such Act to provide  
 16 vocational rehabilitation services in such State  
 17 by agreement or contract with other public or  
 18 private agencies, organizations, institutions, or  
 19 individuals,  
 20 shall apply in such State.

21 (2) EXISTING AGREEMENTS.—Nothing in para-  
 22 graph (1) or the amendments made by section 201  
 23 shall be construed to limit, impede, or otherwise af-  
 24 fect any agreement entered into pursuant to section  
 25 222(d)(2) of the Social Security Act before the date

1 of the enactment of this Act with respect to services  
2 provided pursuant to such agreement to beneficiaries  
3 receiving services under such agreement as of such  
4 date, except with respect to services (if any) to be  
5 provided after six years after the effective date pro-  
6 vided in section 202.

7 **SEC. 204. THE TICKET TO WORK AND SELF-SUFFICIENCY**  
8 **ADVISORY PANEL.**

9 (a) ESTABLISHMENT.—There is established in the ex-  
10 ecutive branch a panel to be known as the “Ticket to Work  
11 and Self-Sufficiency Advisory Panel” (in this section re-  
12 ferred to as the “Panel”).

13 (b) DUTIES OF PANEL.—It shall be the duty of the  
14 Panel to—

15 (1) advise the Commissioner of Social Security  
16 on establishing phase-in sites for the Ticket to Work  
17 and Self-Sufficiency Program and on fully imple-  
18 menting the Program thereafter;

19 (2) advise the Commissioner with respect to the  
20 refinement of access of disabled beneficiaries to em-  
21 ployment networks, payment systems, and manage-  
22 ment information systems and advise the Commis-  
23 sioner whether such measures are being taken to the  
24 extent necessary to ensure the success of the Pro-  
25 gram;

1           (3) advise the Commissioner regarding the most  
2       effective designs for research and demonstration  
3       projects associated with the Program or conducted  
4       pursuant to section 205(a);

5           (4) advise the Commissioner on the develop-  
6       ment of performance measurements relating to qual-  
7       ity assurance under section 1148(d)(6) of the Social  
8       Security Act; and

9           (5) furnish progress reports on the Program to  
10      the President and each House of the Congress.

11      (c) MEMBERSHIP.—

12           (1) NUMBER AND APPOINTMENT.—The Panel  
13      shall be composed of six members as follows:

14           (A) one member appointed by the Chair-  
15      man of the Committee on Ways and Means of  
16      the House of Representatives;

17           (B) one member appointed by the ranking  
18      minority member of the Committee on Ways  
19      and Means of the House of Representatives;

20           (C) one member appointed by the Chair-  
21      man of the Committee on Finance of the Sen-  
22      ate;

23           (D) one member appointed by the ranking  
24      minority member of the Committee on Finance  
25      of the Senate; and

1           (E) two members appointed by the Presi-  
2           dent, who may not be of the same political  
3           party.

4           (2) REPRESENTATION.—Of the members ap-  
5           pointed under paragraph (1), at least four shall have  
6           experience or expert knowledge as a recipient, pro-  
7           vider, employer, or employee in the fields of, or re-  
8           lated to, employment services, vocational rehabilita-  
9           tion services, and other support services, of whom—

10           (A) at least one shall represent the inter-  
11           ests of recipients of employment services, voca-  
12           tional rehabilitation services, and other support  
13           services;

14           (B) at least one shall represent the inter-  
15           ests of providers of employment services, voca-  
16           tional rehabilitation services, and other support  
17           services;

18           (C) at least one shall represent the inter-  
19           ests of private employers;

20           (D) at least one shall represent the inter-  
21           ests of employees; and

22           (E) at least one shall be an individual who  
23           is or has been a recipient of benefits under title  
24           II or title XVI based on disability.

25           (3) TERMS.—

1 (A) IN GENERAL.—Each member shall be  
2 appointed for a term of 4 years (or, if less, for  
3 the remaining life of the Panel), except as pro-  
4 vided in subparagraphs (B) and (C). The initial  
5 members shall be appointed not later than 90  
6 days after the date of the enactment of this  
7 Act.

8 (B) TERMS OF INITIAL APPOINTEES.—As  
9 designated by the President at the time of ap-  
10 pointment, of the members first appointed—

11 (i) three of the members appointed  
12 under paragraph (1) shall be appointed for  
13 a term of 2 years; and

14 (ii) three of the members appointed  
15 under paragraph (1) shall be appointed for  
16 a term of 4 years.

17 (C) VACANCIES.—Any member appointed  
18 to fill a vacancy occurring before the expiration  
19 of the term for which the member's predecessor  
20 was appointed shall be appointed only for the  
21 remainder of that term. A member may serve  
22 after the expiration of that member's term until  
23 a successor has taken office. A vacancy in the  
24 Panel shall be filled in the manner in which the  
25 original appointment was made.

1           (4) BASIC PAY.—Members shall each be paid at  
2           a rate equal to the daily equivalent of the rate of  
3           basic pay for level 4 of the Senior Executive Service,  
4           as in effect from time to time under section 5382 of  
5           title 5, United States Code, for each day (including  
6           travel time) during which they are engaged in the  
7           actual performance of duties vested in the Panel.

8           (5) TRAVEL EXPENSES.—Each member shall  
9           receive travel expenses, including per diem in lieu of  
10          subsistence, in accordance with sections 5702 and  
11          5703 of title 5, United States Code.

12          (6) QUORUM.—Four members of the Panel  
13          shall constitute a quorum but a lesser number may  
14          hold hearings.

15          (7) CHAIRPERSON.—The Chairperson of the  
16          Panel shall be designated by the President. The  
17          term of office of the Chairperson shall be 4 years.

18          (8) MEETINGS.—The Panel shall meet at least  
19          quarterly and at other times at the call of the Chair-  
20          person or a majority of its members.

21          (d) DIRECTOR AND STAFF OF PANEL; EXPERTS AND  
22          CONSULTANTS.—

23                (1) DIRECTOR.—The Panel shall have a Direc-  
24                tor who shall be appointed by the Panel. The Direc-  
25                tor shall be paid at a rate not to exceed the maxi-

1       mum rate of pay payable for GS–15 of the General  
2       Schedule.

3           (2) STAFF.—Subject to rules prescribed by the  
4       Panel, the Director may appoint and fix the pay of  
5       additional personnel as the Director considers appro-  
6       priate.

7           (3) EXPERTS AND CONSULTANTS.—Subject to  
8       rules prescribed by the Panel, the Director may pro-  
9       cure temporary and intermittent services under sec-  
10      tion 3109(b) of title 5, United States Code.

11          (4) STAFF OF FEDERAL AGENCIES.—Upon re-  
12      quest of the Panel, the head of any Federal depart-  
13      ment or agency may detail, on a reimbursable basis,  
14      any of the personnel of that department or agency  
15      to the Panel to assist it in carrying out its duties  
16      under this Act.

17      (e) POWERS OF PANEL.—

18          (1) HEARINGS AND SESSIONS.—The Panel may,  
19      for the purpose of carrying out its duties under this  
20      subsection, hold such hearings, sit and act at such  
21      times and places, and take such testimony and evi-  
22      dence as the Panel considers appropriate.

23          (2) POWERS OF MEMBERS AND AGENTS.—Any  
24      member or agent of the Panel may, if authorized by

1 the Panel, take any action which the Panel is au-  
2 thorized to take by this section.

3 (3) **MAILS.**—The Panel may use the United  
4 States mails in the same manner and under the  
5 same conditions as other departments and agencies  
6 of the United States.

7 (4) **ADMINISTRATIVE SUPPORT SERVICES.**—  
8 Upon the request of the Panel, the Administrator of  
9 General Services shall provide to the Panel, on a re-  
10 imburseable basis, the administrative support services  
11 necessary for the Panel to carry out its duties under  
12 this subsection.

13 (f) **REPORTS.**—

14 (1) **INTERIM REPORTS.**—The Panel shall sub-  
15 mit to the President and the Congress interim re-  
16 ports at least annually.

17 (2) **FINAL REPORT.**—The Panel shall transmit  
18 a final report to the President and the Congress not  
19 later than eight years after the date of the enact-  
20 ment of this Act. The final report shall contain a de-  
21 tailed statement of the findings and conclusions of  
22 the Panel, together with its recommendations for  
23 legislation and administrative actions which the  
24 Panel considers appropriate.

1 (g) TERMINATION.—The Panel shall terminate 30  
2 days after the date of the submission of its final report  
3 under subsection (f)(2).

4 (h) AUTHORIZATION OF APPROPRIATIONS.—There  
5 are authorized to be appropriated from the Federal Old-  
6 Age and Survivors Insurance Trust Fund, the Federal  
7 Disability Insurance Trust Fund, and the general fund of  
8 the Treasury, as appropriate, such sums as are necessary  
9 to carry out this section.

10 **SEC. 205. DEMONSTRATION PROJECTS AND STUDIES.**

11 (a) DEMONSTRATION PROJECTS PROVIDING FOR RE-  
12 DUCTIONS IN DISABILITY INSURANCE BENEFITS BASED  
13 ON EARNINGS. —

14 (1) AUTHORITY.—The Commissioner shall con-  
15 duct demonstration projects for the purpose of eval-  
16 uating, through the collection of data, a program for  
17 title II disability beneficiaries (as defined in section  
18 1148(k)(2) of the Social Security Act, as amended  
19 by this Act) under which each \$1 of benefits payable  
20 under section 223, or under section 202 based on  
21 the beneficiary's disability, is reduced for each \$2 of  
22 such beneficiary's earnings that is above a level to  
23 be determined by the Commissioner. Such projects  
24 shall be conducted at a number of localities which  
25 the Commissioner shall determine is sufficient to

1 adequately evaluate the appropriateness of national  
2 implementation of such a program. Such projects  
3 shall identify reductions in Federal expenditures  
4 that may result from the permanent implementation  
5 of such a program.

6 (2) SCOPE AND SCALE AND MATTERS TO BE  
7 DETERMINED.—

8 (A) IN GENERAL.—The demonstration  
9 projects developed under paragraph (1) shall be  
10 of sufficient duration, shall be of sufficient  
11 scope, and shall be carried out on a wide  
12 enough scale to permit a thorough evaluation of  
13 the project to determine—

14 (i) the effects, if any, of induced entry  
15 and reduced exit;

16 (ii) the extent, if any, to which the  
17 project being tested is affected by whether  
18 it is in operation in a locality within an  
19 area under the administration of the Tick-  
20 et to Work and Self-Sufficiency Program;  
21 and

22 (iii) the savings that accrue to the  
23 Trust Funds and other Federal programs  
24 under the project being tested.

1           The Commissioner shall take into account ad-  
2           vice provided by the Ticket to Work and Self-  
3           Sufficiency Advisory Panel pursuant to sub-  
4           section (e)(2)(C).

5           (B) ADDITIONAL MATTERS.—The Commis-  
6           sioner shall also determine with respect to each  
7           project—

8                   (i) the annual cost (including net  
9                   cost) of the project and the annual cost  
10                  (including net cost) that would have been  
11                  incurred in the absence of the project;

12                  (ii) the determinants of return to  
13                  work, including the characteristics of the  
14                  beneficiaries who participate in the project;  
15                  and

16                  (iii) the employment outcomes, includ-  
17                  ing wages, occupations, benefits, and hours  
18                  worked, of beneficiaries who return to work  
19                  as a result of participation in the project.

20           The Commissioner may include within the mat-  
21           ters evaluated under the project the merits of  
22           trial work periods and periods of extended eligi-  
23           bility.

24           (3) WAIVERS.—The Commissioner may waive  
25           compliance with the benefit provisions of title II of

1 the Social Security Act, and the Secretary of Health  
2 and Human Services may waive compliance with the  
3 benefit requirements of title XVIII of such Act, in  
4 so far as is necessary for a thorough evaluation of  
5 the alternative methods under consideration. No  
6 such project shall be actually placed in operation un-  
7 less at least 90 days prior thereto a written report,  
8 prepared for purposes of notification and informa-  
9 tion only and containing a full and complete descrip-  
10 tion thereof, has been transmitted by the Commis-  
11 sioner to the Committee on Ways and Means of the  
12 House of Representatives and to the Committee on  
13 Finance of the Senate. Periodic reports on the  
14 progress of such projects shall be submitted by the  
15 Commissioner to such committees. When appro-  
16 priate, such reports shall include detailed rec-  
17 ommendations for changes in administration or law,  
18 or both, to carry out the objectives stated in para-  
19 graph (1).

20 (4) INTERIM REPORTS.—On or before June 9  
21 in 2001 and each of the succeeding years thereafter,  
22 the Commissioner shall submit to the Congress an  
23 interim report on the progress of the demonstration  
24 projects carried out under this subsection together

1 with any related data and materials which the Com-  
2 missioner may consider appropriate.

3 (5) FINAL REPORT.—The Commissioner shall  
4 submit to the Congress a final report with respect  
5 to all demonstration projects carried out under this  
6 section no later than one year after their completion.

7 (6) EXPENDITURES.—Expenditures made for  
8 demonstration projects under this subsection shall  
9 be made from the Federal Disability Insurance  
10 Trust Fund and the Federal Old-Age and Survivors  
11 Insurance Trust Fund, as determined appropriate by  
12 the Commissioner, and from the Federal Hospital  
13 Insurance Trust Fund and the Federal Supple-  
14 mentary Medical Insurance Trust Fund, as deter-  
15 mined appropriate by the Secretary of Health and  
16 Human Services, to the extent provided in advance  
17 in appropriation Acts.

18 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF  
19 EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-  
20 TIVES.—

21 (1) STUDY.—As soon as practicable after the  
22 date of the enactment of this Act, the Comptroller  
23 General of the United States shall undertake a study  
24 to assess existing tax credits and other disability-re-  
25 lated employment incentives under the Americans

1 with Disabilities Act of 1990 and other Federal  
2 laws. In such study, the Comptroller General shall  
3 specifically address the extent to which such credits  
4 and other incentives would encourage employers to  
5 hire and retain individuals with disabilities under the  
6 Ticket to Work and Self-Sufficiency Program.

7 (2) REPORT.—Not later than 3 years after the  
8 date of the enactment of this Act, the Comptroller  
9 General shall transmit to the Committee on Ways  
10 and Means of the House of Representatives and the  
11 Committee on Finance of the Senate a written re-  
12 port presenting the results of the Comptroller Gen-  
13 eral's study conducted pursuant to this subsection,  
14 together with such recommendations for legislative  
15 or administrative changes as the Comptroller Gen-  
16 eral may determine to be appropriate.

17 (c) STUDY BY GENERAL ACCOUNTING OFFICE OF  
18 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS  
19 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-  
20 ING CONCURRENT ENTITLEMENT.—

21 (1) STUDY.—As soon as practicable after the  
22 date of the enactment of this Act, the Comptroller  
23 General of the United States shall undertake a study  
24 to evaluate the coordination under current law of the  
25 disability insurance program under title II of the So-

1        cial Security Act and the supplemental security in-  
2        come program under title XVI of such Act, as such  
3        programs relate to individuals entering or leaving  
4        concurrent entitlement under such programs. In  
5        such study, the Comptroller General shall specifically  
6        address the effectiveness of work incentives under  
7        such programs with respect to such individuals and  
8        the effectiveness of coverage of such individuals  
9        under titles XVIII and XIX of such Act.

10        (2) REPORT.—Not later than 18 months after  
11        the date of the enactment of this Act, the Comptrol-  
12        ler General shall transmit to the Committee on  
13        Ways and Means of the House of Representatives  
14        and the Committee on Finance of the Senate a writ-  
15        ten report presenting the results of the Comptroller  
16        General’s study conducted pursuant to this sub-  
17        section, together with such recommendations for leg-  
18        islative or administrative changes as the Comptroller  
19        General may determine to be appropriate.

## 20                    **TITLE III—TECHNICAL** 21                    **AMENDMENTS**

### 22        **SEC. 301. TECHNICAL AMENDMENTS RELATING TO DRUG** 23                    **ADDICTS AND ALCOHOLICS.**

24        (a) CLARIFICATION RELATING TO THE EFFECTIVE  
25        DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY

1 BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Sec-  
2 tion 105(a)(5) of the Contract with America Advancement  
3 Act of 1996 (Public Law 104–121; 110 Stat. 853) is  
4 amended—

5 (1) in subparagraph (A), by striking “by the  
6 Commissioner of Social Security” and “by the Com-  
7 missioner”; and

8 (2) by adding at the end the following:

9 “(D) For purposes of this paragraph, an  
10 individual’s claim, with respect to benefits  
11 under title II of the Social Security Act based  
12 on disability, which has been denied in whole  
13 before the date of enactment of this Act, may  
14 not be considered to be finally adjudicated be-  
15 fore such date if, on or after such date—

16 “(i) there is pending a request for ei-  
17 ther administrative or judicial review with  
18 respect to such claim, or

19 “(ii) there is pending, with respect to  
20 such claim, a readjudication by the Com-  
21 missioner of Social Security pursuant to  
22 relief in a class action or implementation  
23 by the Commissioner of a court remand  
24 order.

1           “(E) Notwithstanding the provisions of  
2           this paragraph, with respect to any individual  
3           for whom the Commissioner of Social Security  
4           does not perform the entitlement redetermina-  
5           tion before the date prescribed in subparagraph  
6           (C), the Commissioner shall perform such enti-  
7           tlement redetermination in lieu of a continuing  
8           disability review whenever the Commissioner de-  
9           termines that the individual’s entitlement is  
10          subject to redetermination based on the preced-  
11          ing provisions of this paragraph, and the provi-  
12          sions of section 223(f) of the Social Security  
13          Act shall not apply to such redetermination.”.

14          (b) CORRECTION TO EFFECTIVE DATE OF PROVI-  
15          SIONS CONCERNING REPRESENTATIVE PAYEES AND  
16          TREATMENT REFERRALS OF SOCIAL SECURITY BENE-  
17          FICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—  
18          Section 105(a)(5)(B) of the Contract with America Ad-  
19          vancement Act of 1996 (42 U.S.C. 405 note) is amended  
20          to read as follows:

21                 “(B) The amendments made by para-  
22                 graphs (2) and (3) shall take effect on July 1,  
23                 1996, with respect to any individual—

1 “(i) whose claim for benefits is finally  
 2 adjudicated on or after the date of enact-  
 3 ment of this Act; or

4 “(ii) whose entitlement to benefits is  
 5 based on an entitlement redetermination  
 6 made pursuant to subparagraph (C).”.

7 (c) EFFECTIVE DATES.—The amendments made by  
 8 this section shall take effect as if included in the enact-  
 9 ment of section 105 of the Contract with America Ad-  
 10 vancement Act of 1996 (Public Law 104–121; 110 Stat.  
 11 852 et seq.).

12 **SEC. 302. TREATMENT OF PRISONERS.**

13 (a) IMPLEMENTATION OF PROHIBITION AGAINST  
 14 PAYMENT OF TITLE II BENEFITS TO PRISONERS.—

15 (1) IN GENERAL.—Section 202(x)(3) of the So-  
 16 cial Security Act (42 U.S.C. 402(x)(3)) is  
 17 amended—

18 (A) by inserting “(A)” after “(3)”; and

19 (B) by adding at the end the following:

20 “(B)(i) The Commissioner shall enter into an agree-  
 21 ment under this subparagraph with any interested State  
 22 or local institution comprising a jail, prison, penal institu-  
 23 tion, or correctional facility, or comprising any other insti-  
 24 tution a purpose of which is to confine individuals as de-  
 25 scribed in paragraph (1)(A)(ii). Under such agreement—

1           “(I) the institution shall provide to the Com-  
2           missioner, on a monthly basis and in a manner spec-  
3           ified by the Commissioner, the names, Social Secu-  
4           rity account numbers, dates of birth, confinement  
5           commencement dates, and, to the extent available to  
6           the institution, such other identifying information  
7           concerning the individuals confined in the institution  
8           as the Commissioner may require for the purpose of  
9           carrying out paragraph (1); and

10           “(II) the Commissioner shall pay to the institu-  
11           tion, with respect to information described in sub-  
12           clause (I) concerning each individual who is confined  
13           therein as described in paragraph (1)(A), who re-  
14           ceives a benefit under this title for the month pre-  
15           ceding the first month of such confinement, and  
16           whose benefit under this title is determined by the  
17           Commissioner to be not payable by reason of con-  
18           finement based on the information provided by the  
19           institution, \$400 (subject to reduction under clause  
20           (ii)) if the institution furnishes the information to  
21           the Commissioner within 30 days after the date such  
22           individual’s confinement in such institution begins,  
23           or \$200 (subject to reduction under clause (ii)) if  
24           the institution furnishes the information after 30

1       days after such date but within 90 days after such  
2       date.

3       “(ii) The dollar amounts specified in clause (i)(II)  
4 shall be reduced by 50 percent if the Commissioner is also  
5 required to make a payment to the institution with respect  
6 to the same individual under an agreement entered into  
7 under section 1611(e)(1)(I).

8       “(iii) The provisions of section 552a of title 5, United  
9 States Code, shall not apply to any agreement entered into  
10 under clause (i) or to information exchanged pursuant to  
11 such agreement.

12       “(iv) There is authorized to be transferred from the  
13 Federal Old-Age and Survivors Insurance Trust Fund and  
14 the Federal Disability Insurance Trust Fund, as appro-  
15 priate, such sums as may be necessary to enable the Com-  
16 missioner to make payments to institutions required by  
17 clause (i)(II).

18       “(v) The Commissioner is authorized to provide, on  
19 a reimbursable basis, information obtained pursuant to  
20 agreements entered into under clause (i) to any agency  
21 administering a Federal or federally assisted cash, food,  
22 or medical assistance program for eligibility purposes.”.

23               (2) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall apply to individuals whose  
25 period of confinement in an institution commences

1 on or after the first day of the fourth month begin-  
2 ning after the month in which this Act is enacted.

3 (b) ELIMINATION OF TITLE II REQUIREMENT THAT  
4 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-  
5 PRISONMENT FOR MORE THAN 1 YEAR.—

6 (1) IN GENERAL.—Section 202(x)(1)(A) of the  
7 Social Security Act (42 U.S.C. 402(x)(1)(A)) is  
8 amended—

9 (A) in the matter preceding clause (i), by  
10 striking “during” and inserting “throughout”;

11 (B) in clause (i), by striking “an offense  
12 punishable by imprisonment for more than 1  
13 year (regardless of the actual sentence im-  
14 posed)” and inserting “a criminal offense”; and

15 (C) in clause (ii)(I), by striking “an of-  
16 fense punishable by imprisonment for more  
17 than 1 year” and inserting “a criminal of-  
18 fense”.

19 (2) EFFECTIVE DATE.—The amendments made  
20 by this subsection shall apply to individuals whose  
21 period of confinement in an institution commences  
22 on or after the first day of the fourth month begin-  
23 ning after the month in which this Act is enacted.

24 (c) CONFORMING TITLE XVI AMENDMENTS.—

1           (1) FIFTY PERCENT REDUCTION IN TITLE XVI  
 2           PAYMENT IN CASE INVOLVING COMPARABLE TITLE II  
 3           PAYMENT.—Section 1611(e)(1)(I) of the Social Se-  
 4           curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

5                   (A) in clause (i)(II), by inserting “(subject  
 6                   to reduction under clause (ii))” after “\$400”  
 7                   and after “\$200”;

8                   (B) by redesignating clauses (ii) and (iii)  
 9                   as clauses (iii) and (iv), respectively; and

10                  (C) by inserting after clause (i) the follow-  
 11                  ing:

12           “(ii) The dollar amounts specified in clause (i)(II)  
 13           shall be reduced by 50 percent if the Commissioner is also  
 14           required to make a payment to the institution with respect  
 15           to the same individual under an agreement entered into  
 16           under section 202(x)(3)(B).”.

17           (2) EXPANSION OF CATEGORIES OF INSTITU-  
 18           TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH  
 19           THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of  
 20           the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i))  
 21           is amended in the matter preceding subclause (I) by  
 22           striking “institution” and all that follows through  
 23           “section 202(x)(1)(A),” and inserting “institution  
 24           comprising a jail, prison, penal institution, or correc-  
 25           tional facility, or with any other interested State or

1 local institution a purpose of which is to confine in-  
 2 dividuals as described in section 202(x)(1)(A)(ii),”.

3 (3) EFFECTIVE DATE.—The amendments made  
 4 by this subsection shall take effect as if included in  
 5 the enactment of section 203(a) of the Personal Re-  
 6 sponsibility and Work Opportunity Reconciliation  
 7 Act of 1996 (Public Law 104–193; 110 Stat. 2186).  
 8 The reference to section 202(x)(1)(A)(ii) of the So-  
 9 cial Security Act in section 1611(e)(1)(I)(i) of the  
 10 Social Security Act as amended by paragraph (2)  
 11 shall be deemed a reference to such section  
 12 202(x)(1)(A)(ii) as amended by subsection (b)(1)(C).

13 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-  
 14 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-  
 15 TIONS UPON COMPLETION OF PRISON TERM.—

16 (1) IN GENERAL.—Section 202(x)(1)(A) of the  
 17 Social Security Act (42 U.S.C. 402(x)(1)(A)) is  
 18 amended—

19 (A) in clause (i), by striking “or” at the  
 20 end;

21 (B) in clause (ii)(IV), by striking the pe-  
 22 riod and inserting “, or”; and

23 (C) by adding at the end the following:

24 “(iii) immediately upon completion of confine-  
 25 ment as described in clause (i) pursuant to convic-

1       tion of a criminal offense an element of which is sex-  
 2       ual activity, is confined by court order in an institu-  
 3       tion at public expense pursuant to a finding that the  
 4       individual is a sexually dangerous person or a sexual  
 5       predator or a similar finding.”.

6           (2)     CONFORMING     AMENDMENT.—Section  
 7       202(x)(1)(B)(ii) of the Social Security Act (42  
 8       U.S.C. 402(x)(1)(B)(ii)) is amended by striking  
 9       “clause (ii)” and inserting “clauses (ii) and (iii)”.

10          (3) EFFECTIVE DATE.—The amendments made  
 11       by this subsection shall apply with respect to bene-  
 12       fits for months ending after the date of enactment  
 13       of this Act.

14   **SEC 303. REVOCATION BY MEMBERS OF THE CLERGY OF**  
 15                   **EXEMPTION FROM SOCIAL SECURITY COV-**  
 16                   **ERAGE.**

17       (a)     IN     GENERAL.—Notwithstanding     section  
 18   1402(e)(4) of the Internal Revenue Code of 1986, any ex-  
 19   emption which has been received under section 1402(e)(1)  
 20   of such Code by a duly ordained, commissioned, or li-  
 21   censed minister of a church, a member of a religious order,  
 22   or a Christian Science practitioner, and which is effective  
 23   for the taxable year in which this Act is enacted, may be  
 24   revoked by filing an application therefore (in such form  
 25   and manner, and with such official, as may be prescribed

1 in regulations made under chapter 2 of such Code), if such  
2 application is filed no later than the due date of the Fed-  
3 eral income tax return (including any extension thereof)  
4 for the applicant's second taxable year beginning after De-  
5 cember 31, 1999. Any such revocation shall be effective  
6 (for purposes of chapter 2 of the Internal Revenue Code  
7 of 1986 and title II of the Social Security Act), as speci-  
8 fied in the application, either with respect to the appli-  
9 cant's first taxable year beginning after December 31,  
10 1999, or with respect to the applicant's second taxable  
11 year beginning after such date, and for all succeeding tax-  
12 able years; and the applicant for any such revocation may  
13 not thereafter again file application for an exemption  
14 under such section 1402(e)(1). If the application is filed  
15 after the due date of the applicant's Federal income tax  
16 return for a taxable year and is effective with respect to  
17 that taxable year, it shall include or be accompanied by  
18 payment in full of an amount equal to the total of the  
19 taxes that would have been imposed by section 1401 of  
20 the Internal Revenue Code of 1986 with respect to all of  
21 the applicant's income derived in that taxable year which  
22 would have constituted net earnings from self-employment  
23 for purposes of chapter 2 of such Code (notwithstanding  
24 paragraph (4) or (5) of section 1402(c) of such Code) ex-

1 cept for the exemption under section 1402(e)(1) of such  
2 Code.

3 (b) EFFECTIVE DATE.—Subsection (a) shall apply  
4 with respect to service performed (to the extent specified  
5 in such subsection) in taxable years beginning after De-  
6 cember 31, 1999, and with respect to monthly insurance  
7 benefits payable under title II of the Social Security Act  
8 on the basis of the wages and self-employment income of  
9 any individual for months in or after the calendar year  
10 in which such individual’s application for revocation (as  
11 described in such subsection) is effective (and lump-sum  
12 death payments payable under such title on the basis of  
13 such wages and self-employment income in the case of  
14 deaths occurring in or after such calendar year).

15 **SEC. 304. ADDITIONAL TECHNICAL AMENDMENT RELATING**  
16 **TO COOPERATIVE RESEARCH OR DEM-**  
17 **ONSTRATION PROJECTS UNDER TITLES II**  
18 **AND XVI.**

19 (a) IN GENERAL.—Section 1110(a)(3) of the Social  
20 Security Act (42 U.S.C. 1310(a)(3)) is amended by strik-  
21 ing “title XVI” and inserting “title II or XVI”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 subsection (a) shall take effect as if included in the enact-  
24 ment of the Social Security Independence and Program

1 Improvements Act of 1994 (Public Law 103–296; 108  
2 Stat. 1464).

3 **SEC. 305. AUTHORIZATION FOR STATE TO PERMIT ANNUAL**  
4 **WAGE REPORTS.**

5 (a) IN GENERAL.—Section 1137(a)(3) of the Social  
6 Security Act (42 U.S.C. 1320b–7(a)(3)) is amended by  
7 inserting before the semicolon the following: “, and except  
8 that in the case of wage reports with respect to domestic  
9 service employment, a State may permit employers (as so  
10 defined) that make returns with respect to such employ-  
11 ment on a calendar year basis pursuant to section 3510  
12 of the Internal Revenue Code of 1986 to make such re-  
13 ports on an annual basis”.

14 (b) TECHNICAL AMENDMENTS.—Section 1137(a)(3)  
15 of the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is  
16 amended—

17 (1) by striking “(as defined in section  
18 453A(a)(2)(B)(iii))”; and

19 (2) by inserting “(as defined in section  
20 453A(a)(2)(B))” after “employers” .

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to wage reports required to be sub-  
23 mitted on and after the date of enactment of this Act.

○